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President Obama to Democrats: Entitlements may have to change

By: [Ginger Gibson](#)

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President Barack Obama told Senate Democrats on Tuesday that his budget to be released in April would align closely with their priorities.

He also warned that Democrats need to embrace at least some changes to unsustainable entitlement programs in order to achieve their long-term priorities.

The president made the case, senators attending the luncheon said, to protect entitlements for future generations — a key Democratic priority in negotiations with Republicans over a deficit reduction deal known as a grand bargain.

(Also on POLITICO: [Paul Ryan budget: Challenge to White House, DOA in Senate](#))

But Obama acknowledged that Social Security and Medicare — big drivers of federal spending — wouldn't survive without some changes to save money. Obama added that Republicans must first agree to more revenue hikes before the White House would concede on changes to entitlement programs, senators attending the luncheon said.

Obama seemed to be opening the door a crack toward a way forward: if the White House is seen as willing to put entitlements on the table, some Republicans may reconsider their staunch opposition to new revenue.

Obama told Senate Democrats that he sees his framework — a mix of new revenues and spending cuts — as a big enough compromise. He said Republicans will need to move toward him to obtain a grand bargain, which he sees as the way out of the sequester, Sen. Tom Harkin (D-Iowa) said. Obama also reiterated that he isn't going to negotiate over the next debt ceiling increase, slated to come up this summer.

"I think the president made it clear he understands the framework of a major [budget] agreement," Sen. Ron Wyden (D-Ore.) said. "It's got to be this idea of common ground... That's [the] basis of his outreach to senators and [House members]. He's going to be doing a lot of eating on the Hill this week."

Whether both sides can reach a deal that includes entitlement changes and new tax dollars may become clearer on Wednesday, as the president meets with House Republicans. Obama completes his Hill tour on Thursday with meetings with House Democrats and Senate Republicans.

Obama's blunt talk on entitlements doesn't mean that Senate Democrats are on board.

Several members in the meeting spoke up about the concerns that changes to the programs would be part of a deal, attendees said.

“He said he hoped we can reach some sort of grand bargain,” Harkin said. “Of course some of us responded by say, ‘Yes, but what is in that grand bargain?’ We don’t want to start whacking away at Social Security or Medicare.”

According to Harkin, Sen. Carl Levin (D-Mich.) asked the president about his plans to switch to a “chained-CPI,” which would lower the rate at which Social Security benefits are increased and cut the cost of the program in the long run.

“We’re not going to go so far as to negotiate away our principals and what we think is best,” Harkin said. “When you’re talking about entitlements, Social Security, Medicaid, Medicare, there is more than one way to solve that problem.”

(Also on POLITICO: [Patty Murray budget: \\$1 trillion in new revenue](#))

Senate Majority Leader Harry Reid (D-Nev.) said that House Republicans have never gone beyond broad discussions about entitlement programs and that their talk has been used to argue Obama would agree to changes.

“Here’s the issue — the president in the past in personal negotiations with Boehner, Biden, in personal negotiations with Cantor has indicated that they would be willing to do certain things,” Reid told reporters after the meeting. “The Republicans never get further than that.”

“This wasn’t a sausage-making exercise, this was a more macro, let’s talk about big issues and how we can stay united and face the deep divisions that appear to be developing on the Republican side,” said Sen. Claire McCaskill (D-Mo.).

During the luncheon, Obama also fielded questions on a host of other agenda items, including immigration and gun control. He also talked about the administration’s drone policy.

“He thinks we’re making good movement on immigration,” Harkin said. “He feels very positive that we’re actually going to get a good immigration bill.”

On the topic of drones, Harkin said Obama told senators that the administration is doing everything it can to comply with the law and is giving information to the intelligence committee.

Obama’s visit came on the same day as House Republicans and Senate Democrats unveiled their budget resolutions for 2014. Both are highly political documents that are unlikely to be reconciled with each other and become law.

Obama’s press secretary said on Tuesday that the president plans to unveil his budget on April 8. And the president told lawmakers it wouldn’t be much different than that revealed by Senate Democrats.

"On the budget issues, [Obama] acknowledged that, look, the best course now is to let the [House and Senate] budgets go, get 'em into conference, and try to reconcile the two. If we can get a broader budget understanding, than we can deal with things that replace sequestration."

"It will be different, but I don't think dramatically different," Cardin said of the White House budget proposal. "But he didn't tell us what his budget would have."

The Senate Democratic budget — introduced by [Sen. Patty Murray](#) (D-Wash.) — would raise \$1 trillion in new revenue, while cutting an equal amount in spending over 10 years.

Murray's plan calls for \$1.85 trillion in additional deficit reduction over the next decade, Democrats said Tuesday. It calls for \$975 billion in spending cuts and an additional \$975 billion would be raised through an overhaul of the Tax Code by eliminating certain tax deductions, including ones typically claimed by high earners and corporations.

And Murray will include fast-track provisions calling on congressional tax writers to draft filibuster-proof legislation that would raise new revenue. The so-called reconciliation provisions have drawn strong objections by Senate Finance Committee Chairman Max Baucus (D-Mont.) who argued that the budget parameters would limit his ability to push a full-blown rewrite of the Tax Code.

[Rep. Paul Ryan](#) (R-Wis.) also introduced his own budget on Tuesday, which would also balance the budget in 10 years and eliminate Obamacare.

As Obama walked into Tuesday's meeting room, he waved at the cameras and said hello, but took no questions.

Obama's outreach to the Hill is a new tactic for a president who has typically kept his distance from lawmakers and doesn't have a lot of close relationships with lawmakers.

Senate Minority Leader Mitch McConnell (R-Ky.) offered rare praise for Obama's decision to meet with members of Congress.

"We're looking forward to having him up here on Thursday to speak with our group," McConnell told reporters while Obama met with Democrats only yards away.

McConnell called the president's outreach a positive sign. "I hope he'll invite all of our members for these dinners," McConnell said.

But McConnell wasn't without criticism. He derided the president for not offering his own budget and for suggesting more revenues are needed.

Sen. Carl Levin (D-Mich.) said the meetings with the president are important to keep dialogue flowing.

"It requires attention, and that's the name of the game," Levin said ahead of the meeting. "You've got to pay attention to the people who have roles if you're going to get things done. It's a matter of taking the time to pay attention and that's what he's doing."

Obama is hoping to create some momentum for a grand bargain toward deficit reduction, despite the fact that both parties are fairly well dug in to their positions.

Obama's "charm offensive" began last week when he broke bread at the Jefferson Hotel with Senate Republicans. He then lunched with Ryan (R-Wis.) on Thursday.

Obama faces hurdles from all sides. Republicans are demanding changes to entitlement programs. Democrats are insisting that changes be made to Medicare and Social Security. Democrats want loopholes closed and new revenue from the Tax Code. Republicans don't want to raise any taxes, arguing they've given enough as a result of the fiscal cliff deal at the start of 2013.

Entering the lunch meeting, Sen. Bernie Sanders (I-Vt.) said he is hopeful Obama will talk about preserving entitlement programs and not put them on the chopping block as part of a deal with Republicans.

"There is nothing magical about the word 'grand bargain,'" Sanders said. "The question is what is in the grand bargain? And if we can have a grand bargain which raises substantial revenue by doing away with corporate loopholes, at a time when corporations are enjoying record-breaking profits, if we can have a grand bargain that protects Social Security and Medicaid and Medicare, it would be great. You've got define what you mean by grand bargain. A bad grand bargain is a bad deal. We want a good grand bargain, we want a good budget."

Obama's meetings come in the midst of the opening rounds of budget and spending fights in Congress.

The Senate began consideration Tuesday of the continuing resolution that will keep government functioning after March 27. The Senate version is the product of bipartisan compromise and will likely receive support from both parties in the upper chamber.

Both chambers also unveiled their respective budget proposals on Tuesday.

Before Obama spoke to her caucus, Sen. Patty Murray (D-Wash.) rolled out a fifty-fifty budget approach that would include \$1 trillion in new tax revenues, mostly through closely loopholes, and \$1 trillion in spending cuts.

Ryan outlined a budget that includes no new tax revenues and \$4.63 trillion in savings, most dependent on a repeal and defunding of Obamacare. The Ryan budget also includes the \$700 billion in Medicare savings counted by the implementation of Obamacare.

While Obama has been staunchly opposed to cutting his banner legislative accomplishment or passing deficit reduction that doesn't include new revenue, the White House released a very measured response to Ryan's rollout. Press Secretary Jay Carney countered Ryan's proposal by saying "the math just doesn't add up."

"While the President disagrees with the House Republican approach, we all agree we need to leave a better future for our children," Carney said in a statement. "The President will continue to work with Republicans and Democrats in Congress to grow the economy and cut the deficit in a balanced way."

John Bresnahan and Manu Raju contributed to this report.

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